

L.A. COUNTY
10 YEARS LATER
A TALE OF
TWO CITIES
ONE
FUTURE

Mobilizing the power of civic
engagement to end poverty
in our communities.



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LETTER FROM THE PRESIDENT



I vividly remember launching the first Tale of Two Cities in 1999. That report brought forth the concept of the “working poor,” a term that is now part of our vernacular but was then a new idea and was difficult to understand. How could the American Dream exist if hard working people were still poor?

The revelation of this new class of citizen, the working poor, along with research that pointed to a crisis of rising poverty levels in Los Angeles meant that United Way of Greater Los Angeles would have to reinvent itself. We could no longer be all things to all people. We had to leverage our leadership position to focus exclusively on creating pathways out of poverty in order to do our part to create a thriving Los Angeles County. We had to move from being neutral to becoming an advocate for change.

While there have been improvements over the last 10 years with increased health coverage, improved test scores, and reduced crime, I find it discouraging that we are seeing little or no gain in key indicators like wages and graduation rates. Clearly, we can do better as a community.

When I look at the historical data, one thing is clear to me. Los Angeles has been able to reinvent itself time and time again. When I came to Los Angeles in the early 1990s, we were a community focused on the aftermath of the civil unrest. Term limits were redefining the role and effectiveness of government. Corporate headquarters were relocating. But we responded to this new world with an entrepreneurial spirit marked by the rise of small and mid-sized businesses, a vibrant network of multi-cultural organizations and the emergence of more private-public partnerships.

What the data does not show is that we are already seeing signs of this sort of reinvention again. Institutional leaders are stepping forward. New approaches are being forged by business, labor, philanthropy and government, which will allow us to take full advantage of our opportunities to leverage federal investment. I truly believe that these foundational efforts will be the impetus for sustainable change over the next decade.

As the mother of two young boys, it is unfathomable and unacceptable that one in five children in this county lives in poverty. Too many of our children and their parents have few choices when it comes to safe, affordable housing or a quality education. We must focus on keeping and creating good paying jobs, so families do not have to choose between paying the rent, buying food or seeking medical care.

Working with our partners over the past 3 years, we have made great progress on our Creating Pathways out of Poverty plan—securing housing for the homeless, helping children increase their academic achievement and ensuring that people are trained for jobs. This is an important start, but the scale we reach through our policy work is even more important: successfully advocating for children’s health coverage; advocating for parents to have choice in their schools; and securing federal dollars to create a green jobs initiative in Los Angeles.

We can work together to create a different future for Los Angeles. It will take active involvement by each of us. We can no longer delegate or assume someone else will take the mantle. While the 21st century has transformed us into citizens of the world, our first priority must be to get it right here.

Let’s make this next decade the best of times for Los Angeles.

Elise Buik

Elise Buik
President & CEO, United Way of Greater Los Angeles

It was the best of times, it was the worst of times—or so begins Charles Dickens’ *Tale of Two Cities*, the novel whose title is borrowed for this report. Of course, looking at the current data, one might just wonder: what happened to that “best” part?

After all, United Way released the predecessor to this report in 1999 warning of a society of “haves” and “have-nots” and calling for action to close the divide. An update in 2003 pointed to how little the needle had moved on poverty and called once again to “bridge the gap.”

In 2009, the picture is distressingly familiar: too many failing to make it economically, too many struggling to make rent or cover mortgage payments, too many without the assurance of healthcare, too many without the education needed for tomorrow’s jobs. What inspiring call to action can possibly be made on such a spate of bad news? Is this report just a dismal reminder that our region’s problems are just too entrenched and that systemic change is just too hard?



I think not—and not simply because, as a long-time Angeleno whose family was lured here by the promise of a better life, I have an acquired optimism about our region. First, there are some glimmers of hope in the numbers. While this report touches on only a few of the indicators United Way has collected, the full dataset indicates that teen birth rates are falling, more pregnant women are receiving early care, insurance rates for children have risen, and AIDS cases are on the decline—all partly due

to thoughtful policy interventions. The share of three and four year olds in preschool has risen dramatically and the percent of fully credentialed teachers, enrollment in math and science, and even school scores have been on the upswing—again reflecting actions we have taken to expand services, force higher standards, and improve accountability.

Progress Through Policy Change

There is less progress on housing and income: homelessness is down but rents are still high and much of the economic news, particularly with regard to the gap between the rich and the poor, is disheartening. But this is also where we have put less consistent and coherent policy energy—where we have worked together for change (including homelessness), improvements can be seen. The central message I take away: if we actually pay attention and shift policy, we can make progress.

Second, there is an increasing realization among many civic leaders that we may have two cities but we have only one future. Indeed, the one bit of real news in this report is that the “too many” not making it now includes a growing share of our middle class. Problems once thought confined to the poor—excessive rent burdens, slipping wages, and uncertain healthcare—are seeping up the income distribution. Shoring up the bottom is key to securing the middle.

Moreover, it’s not just about plugging the holes in our social safety net. Study after study—including a recent analysis by the Federal Reserve Bank of Cleveland—has

“ The central message I take away: if we actually pay attention and shift policy, we can make progress.”

demonstrated that those regions with higher poverty, and wider income disparities are actually growing more slowly. It makes sense: when you leave people behind, you come up short in the human capital and social consensus that are key to securing competitiveness and prosperity. In Chicago, Cleveland, and many other metropolitan regions, business leaders have gotten the message and are taking active roles in arguing for both social and private investment.



Third, the seemingly broken nature of our systems in Los Angeles has forced what crisis always brings: a reinvention of institutions and a reinvigoration of leadership. With graduation rates faltering, the Community Coalition, a South L.A.-based organizing group, has teamed up with the construction trades, UCLA policy experts, and Green Dot Charter Schools to create an Architecture, Construction, and Engineering Academy at Locke High School. With Los Angeles the homeless capital of America, United Way and the Chamber of Commerce have joined forces to create a Business Leaders Task Force that promotes permanent housing as an alternative to pushing the homeless into jails or emergency rooms.

Reinventing Los Angeles

Institutional reinvention—the willingness to remake what we have been as a region—goes way beyond these two examples. Back in 1999, the first *Tale of Two Cities* talked about the epidemic of crime; crime and gangs have not gone away but the Los Angeles Police Department has refashioned itself into a more effective and more welcomed presence on our streets. We remain overly dependent on cars but our transit systems have been expanded and improved, often thanks to the pressure of community activists, and voters have proven willing to tax themselves to seek further gains. And while air pollution and its attendant health costs are still omnipresent, a remarkable coalition of labor, environmental and business interests are on the way to generating the cleanest set of port operations in the country.

For me, one of the most striking reinventions in Los Angeles has been that of United Way itself. From a traditional intermediary channeling corporate and labor donations to charitable causes, it has become a leaner

organization less focused on band-aids and more focused on “pathways out of poverty,” less likely to play it safe and more likely to prick the conscience and provoke change. The shift is reflected in their new triplet, “give, volunteer, advocate”—an explicit reference to going beyond check-writing to direct engagement with not just the poor but with the policies that keep them there.

“ We may be two cities but we have one destiny—and we will make it together.”

We certainly face tough issues ahead. The economy remains weak and we are likely to weather even more unemployment on the way to recovery. Educational reform, long stymied, is only now beginning to break through. The threat of climate change means that Los Angeles will need to find the money and expertise to green its buildings and its industries. And if comprehensive immigration reform finally comes to pass, we will be confronted with the challenge of integrating nearly a million new—or, better put, long-ignored—residents into our civic fabric.

Change Through Transformational Leadership

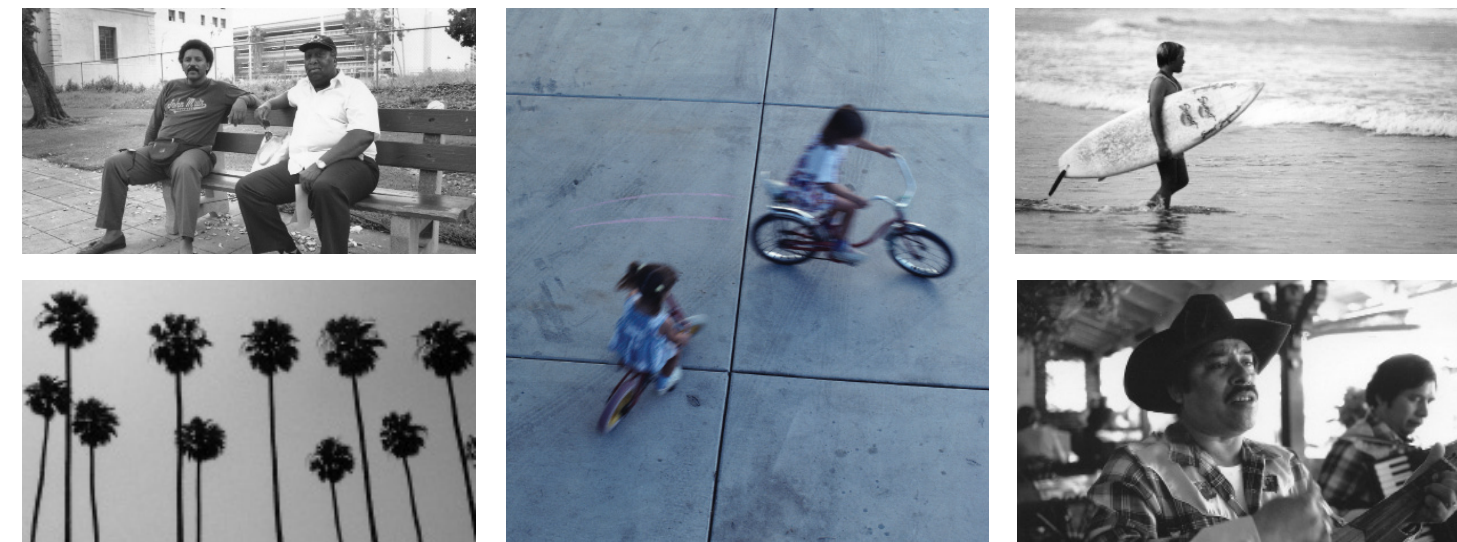
To address these issues effectively will require that we replace transactional leadership—leadership wherein the only reason to act for others is what it will do for you—with transformational leadership that seeks to merge self-interest with a higher common purpose in pursuit of a stronger and more equitable region. That is the pathway out of poverty and into prosperity that all of us—rich and poor, city and suburb, young and old—desperately need.

It won’t be easy but we can do it. Some might read this report through a prism of hopelessness—nothing has changed and nothing ever will. But this is never how Los Angeles has viewed itself—we have always been a place to make dreams come true. We may be two cities but we have one destiny—and we will make it together.

Manuel Pastor, Ph.D., is Professor of Geography and American Studies and Ethnicity at the University of Southern California.

LOS ANGELES COUNTY | A PROFILE OF PROSPERITY, A PORTRAIT OF POVERTY

L.A. County is a dynamic and diverse community. We are an economic powerhouse, a commercial hub, and the country's entertainment capital—leading the nation in both social and cultural trends. Our history of entrepreneurship has made us a vibrant and resilient region with tremendous future potential.



With a population of close to 10 million people, if L.A. County were a state, it would be the country's 8th largest.¹

The median age in L.A. County is 35 years old, which makes us slightly younger than the country as a whole.²

We are a multi-cultural community. Latinos are the county's largest ethnic group with 48%. 29% of us are White, 14% of us are Asian/Pacific Islanders, and 10% of us are African-American.³

If L.A. County were a country, it would be the 19th largest economic power in the world. In 2008, the county's Gross Domestic Product (GDP) was just over 513 billion dollars.⁴

13% of our workers are self employed. That's higher than New York, Chicago and the U.S as a whole.⁵

We lead the nation in start-up businesses.⁶

The Los Angeles region is the U.S. trade leader, with 44% of the nation's cargo passing through our ports.⁷

We have more colleges and universities than in the entire state of Texas or Massachusetts.⁸

We were not prepared for an economy that has changed over time as well as slowed. As a result, the middle class has eroded and we have become a community of “haves” and “have nots”. Los Angeles County was in crisis before the recent economic downturn. We are now in danger of falling further behind.

United Way of Greater Los Angeles is committed to bringing people together to fight poverty across L.A. County by focusing on the core issues that will break the cycle of poverty—affordable housing and healthcare, educational achievement and job training and financial education. Our work is exposing a side of Los Angeles that many don't know about. The numbers are truly startling.

The poverty rate in L.A. County is higher than the nation as a whole. Over 1.47 million or 15% of people in L.A. County are living in poverty, defined as an income of \$22,000 per year for a family of 4, compared to 13% for the nation.⁹

Nearly 30% of our full-time workers earn less than \$25,000 a year.¹⁰

We have 250,000 millionaires and 1.4 million poor people.¹¹

Nearly 4 in 10 poor people in L.A. County suffer extreme poverty. Over 570,000 people in L.A. County live in extreme poverty, defined as living on less than \$5,400 a year for a single person, or about \$11,000 for a family of four.¹²

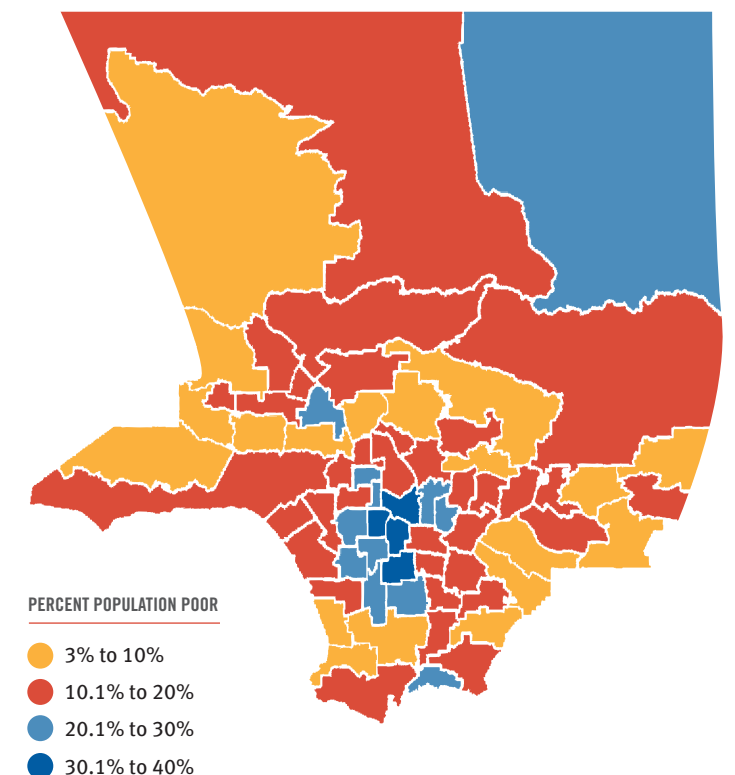
We are the homeless capital of the nation. And the number one reason for homelessness is loss of a job.¹³

More than 93,000 families in L.A. County earn less than \$10,000 a year.¹⁴

1 in 5 of our children live in poverty. This is slightly higher than the national rate of children living in poverty (about 18%).¹⁵

There is still significant inequity as related to poverty among racial/ethnic groups. 8% of Whites and 11% of Asians are living in poverty, compared to 19% of African-Americans and 20% of Latinos.¹⁶

POVERTY IN LOS ANGELES COUNTY ¹⁷





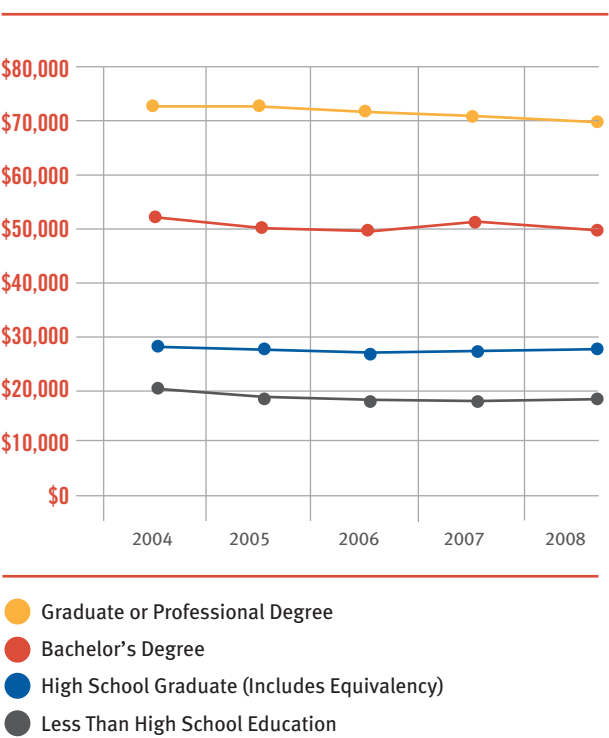
EDUCATION

Over the past decade, more educated workers in L.A. County have earned more money. However, across the entire decade, our graduation rate has remained at 60%¹⁸, well below the national rate of 70%¹⁹. On the positive side, more adults are now finishing college. And test scores are up, for the younger grades, as well as participation in math classes. This is likely a result of the increased focus on early childhood education. For all our students to succeed, this focus needs to extend beyond elementary school to middle school, where success is a predictor of successful high school graduation and better career mobility.

High school and college graduation have consistently provided higher earnings power.

- Residents with a high school diploma earned on average \$8,500 a year more than those who didn't graduate from high school.²⁰
- Those with a bachelors degree earned almost twice the amount that high school graduates earned.
- Those with a professional (post-bachelors) degree earned on average \$52,136 a year more a year than those without a high school diploma.²¹

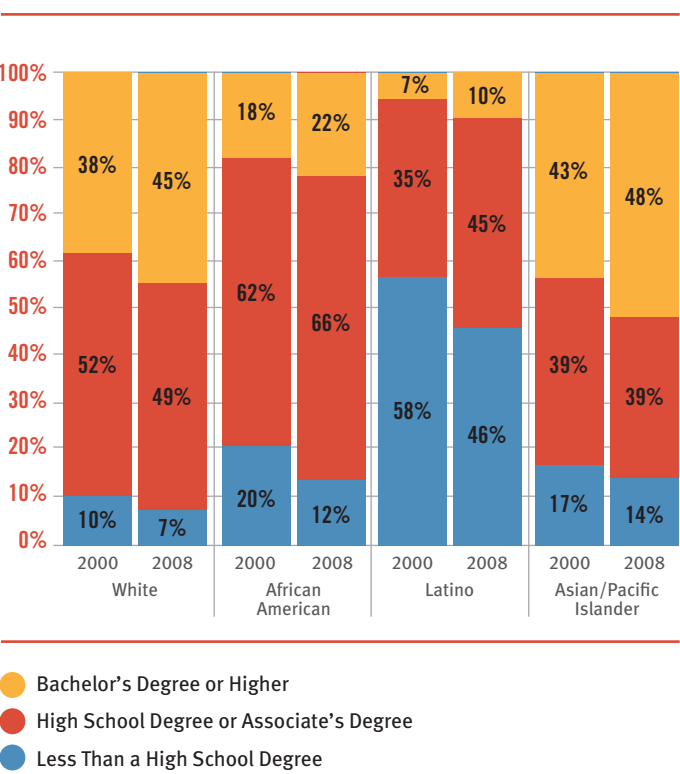
MEDIAN EARNINGS BY EDUCATION LEVEL ²²



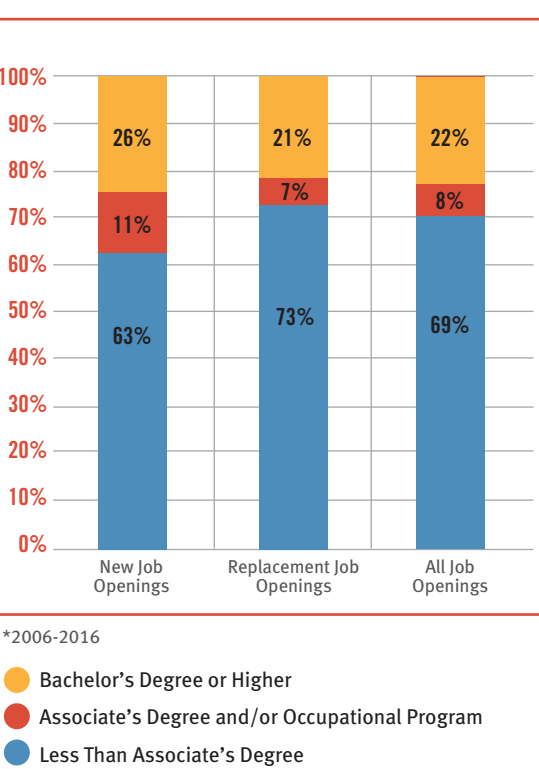
Since 2000, more of our residents of all races are completing college.

- However, significantly more Whites and Asian/Pacific Islanders are completing college than African-Americans and Latinos.²³

EDUCATION LEVEL BY RACE/ETHNICITY



EDUCATION REQUIREMENTS FOR PROJECTED JOBS ^{*24}



In the future, new job openings, which are critical for economic growth, will require higher levels of education than replacement job openings.

“Education is the most pressing issue facing America. Preparing young people for success in life is not just a moral obligation of society but also an economic imperative. Education is the only sure path out of poverty and the only way to achieve a more equal and just society.”

—Arne Duncan, Secretary of Education, Confirmation remarks to the U.S. Senate on Inauguration Day, Jan. 20, 2009



UNITED WAY MIDDLE SCHOOL INITIATIVE USING DATA TO DRIVE RESULTS

Lack of quality education is a root cause of poverty. For that reason, United Way is committed to improving the graduation rate. To meet that goal, we analyzed a tremendous amount of data and concluded that our focus should be on the critical transition years between grades 6 and 10.

Studies show that young people are particularly vulnerable during middle school years. Students no longer have the continuity of one single elementary school teacher. The potential to become lost increases because they are now in much larger classes and are segmented by academic subject area. As a result, research shows that the majority of students who drop out of school do so in the 9th and 10th grades.

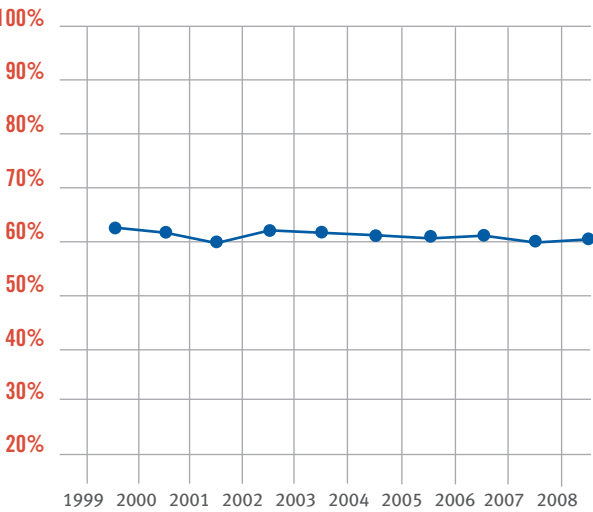
“...if middle grade students can achieve academically, they will transition successfully into high school and will be more likely to graduate.”

The evidence also shows that if middle grade students can achieve academically, they will transition successfully into high school and will be more likely to graduate. According to the L.A. Unified School District, a student completing the 10th grade has an 85% chance of graduating high school on time.

Based on these findings, our coalition was able to successfully advocate for an LAUSD resolution to create smaller classes and smaller schools, impacting almost 700,000 students. These insights have also helped launch our groundbreaking Principals to Watch leadership program, in conjunction with the California League of Middle Schools, which has impacted the academic achievement of over 16,000 students. Culver City Middle School is used as a mentoring and training site for participating principals in the leadership program. 87% of the school’s 8th grade students successfully completed their 9th grade year of high school, the critical transition year where dropout is most likely to happen.

For young people in our educational system, high school graduation rates have remained at 60% for much of the past decade.

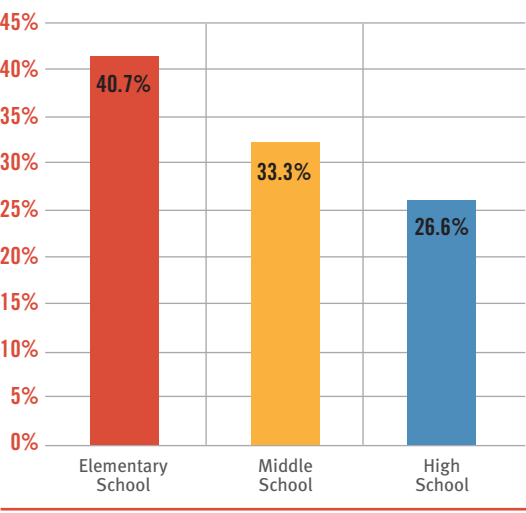
HIGH SCHOOL GRADUATION RATE²⁵



While API scores have, for the most part, improved for students of all ages, improvement declines as students get older.

- The rate of improvement slows down starting in middle school and into high school.

API TEST SCORE IMPROVEMENTS*²⁶

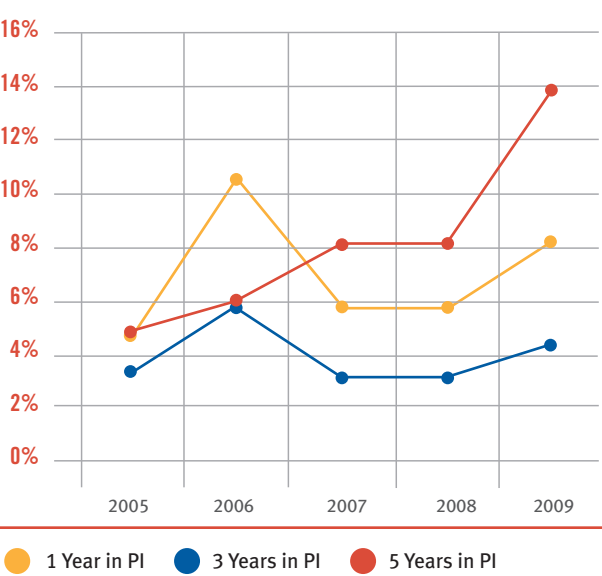


* 5 largest school districts, 1999-2008

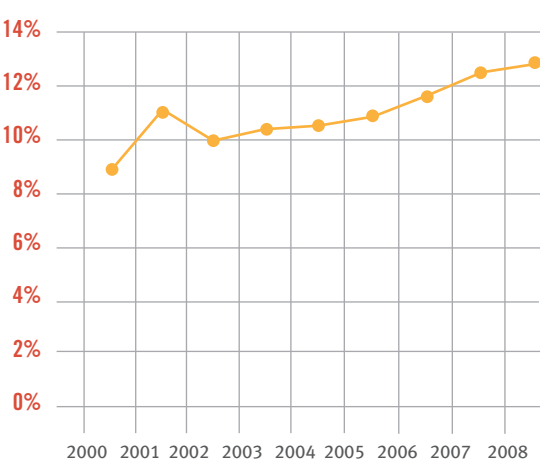
The number of low performing schools as defined by the U.S. Department of Education, has gone up, with the most dramatic increase occurring since 2008.

- Those schools designated as having been “Program Improvement Schools” for 5 years has gone up almost 10 percentage points.

PERCENT OF PROGRAM IMPROVEMENT SCHOOLS²⁷



HIGH SCHOOL STUDENTS ENROLLED IN ADVANCED MATH²⁸



While participation in rigorous math classes has improved, the overall number is still low.

- This increase is important because advanced math is the gateway to more rigorous courses and to college access.

MAKING CHANGE HAPPEN

Education determines whether a person will end up in poverty. And education is the defining factor in determining the health of our economy, by producing the most competitive workforce possible.

Many families have moved their children out of the public school system and into private or charter schools. Now we must provide that level of education for all students. That means taking the models that

work and implementing them in every low performing school across L.A. County.

For our students to succeed, we need to create a culture of support and high expectations. We must demand accountability and transparency. And we must insist on courageous leadership—leadership that is shared equally by teachers, school administrators, parents, labor unions and the business community.



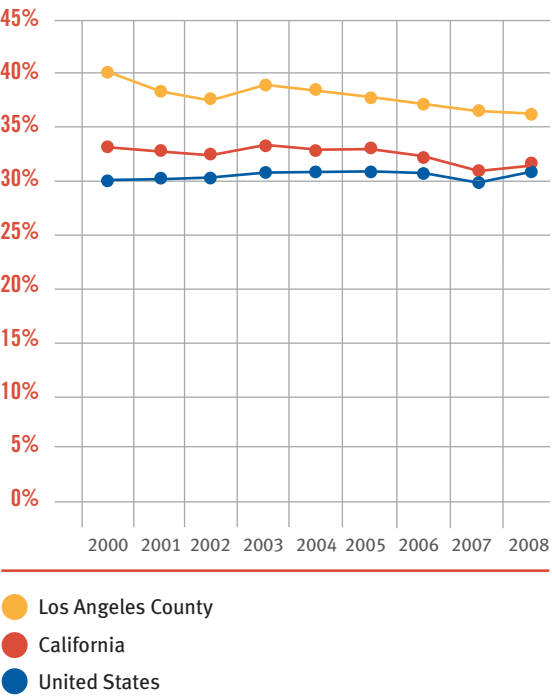
EMPLOYMENT AND INCOME

Across the decade, wages in L.A. County, for all but the highest wage earners, have fallen or remained stagnant. Jobs that paid well, but required no college education, are disappearing. These are the jobs that allowed families to move into the middle class and made it possible for people to send their children to college. For our region to thrive, our future economy must produce enough well paying jobs to move the working poor back into the middle class.

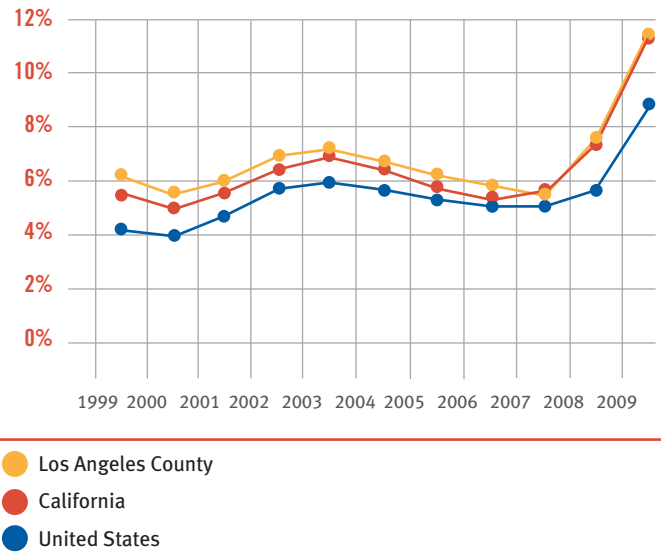
Our percentage of “working poor” is higher than in the U.S. as a whole.

- From 2000 to 2008, the number of those considered working poor (Household Income under \$44K for a family of four) was nearly 6 percentage points higher than the state as a whole, and 7.5 percentage points higher than the nation.²⁹

WORKING POOR POPULATION³⁰



UNEMPLOYMENT RATE³¹



Between 2008 and 2009 all job growth from the previous 9 years had been wiped out.³²

- For about half of the decade, average annual unemployment was relatively low, below 6%.³³
- By late 2009, unemployment had climbed to 12.3%, the first double digit unemployment since May 1993.³⁴

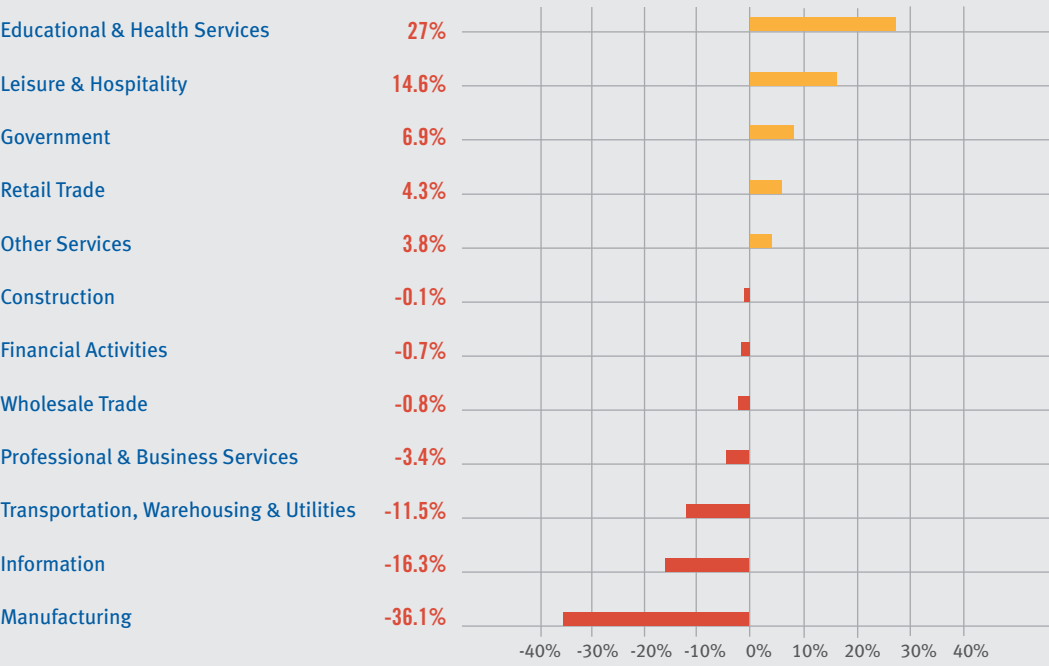
Not all job loss was the result of the recession. Over the course of the decade, slow steady attrition of jobs occurred in several key industries.

- Manufacturing showed the greatest decline (-36%) followed by the Information sector (Publishing, Movies, TV, Radio) with a 16% drop. Transportation and Utilities declined by almost 12%.³⁵

However, certain industries did show growth.

- Educational and Health Services grew by 27% followed by Leisure and Hospitality with a 14% increase.³⁶

CHANGE IN JOB NUMBERS BY INDUSTRY^{*37}

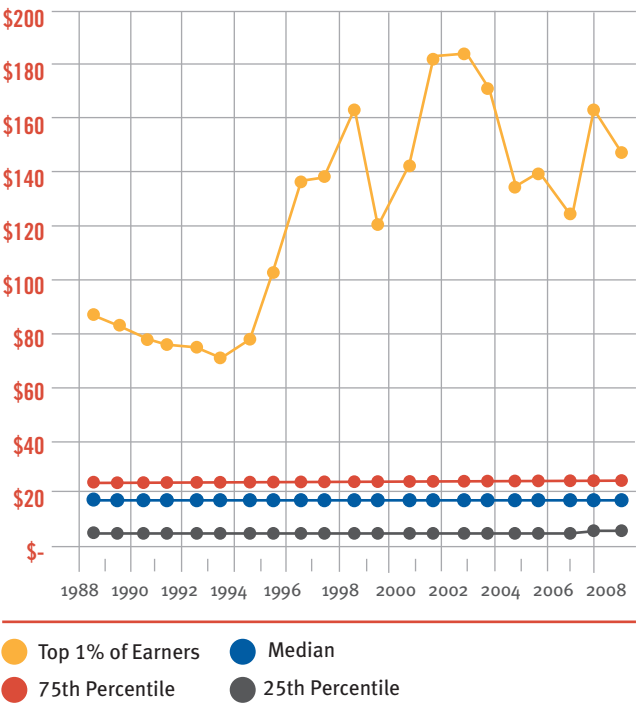


*1999-2009

For the past 20 years, only the top 1% of salaried workers saw significant income growth.³⁸

- The average (median) worker actually saw their income fall nearly \$2 per hour (adusted for inflation).³⁹

HOURLY WAGES⁴⁰



MEDIAN WAGES⁴¹

	2001	2009
Financial Managers	\$96,302	\$112,632
Computer Programmers	\$72,050	\$78,915
Registered Nurses	\$70,876	\$80,746
Firefighters	\$70,458	\$80,246
Executive Secretaries and Administrative Assistants	\$45,058	\$44,075
Medical Assistants	\$32,057	\$30,202
Preschool Teachers	\$28,846	\$28,434
Janitors	\$22,659	\$22,402
Retail Sales	\$22,450	\$20,259
Security Guards	\$21,250	\$23,150

Wage growth for many commonly held occupations was very small. Other wages declined.

- Retail sales showed the greatest decline since 2001. Financial Managers' wages showed the most significant increase (adjusted for inflation).

“41% of employees consider workplace benefits to be the foundation of their personal safety net.”

—MetLife Seventh Annual Study of Employee Benefits Trends

MAKING CHANGE HAPPEN

Our local economy cannot advance on the back of low wage workers who are faced with stagnant wages and increasing costs. For our economy to prosper, we must make job creation a priority and give people the skills they need to compete in the 21st century workplace. We should focus on:

- Training people in growth areas like green jobs and technology and healthcare.
- Engaging government to create an environment for industry sectors to grow.
- Building a coalition of labor and business, working together to create jobs that move people back into the middle class.
- Helping families maximize their wages through better budget management, smart credit use as well as incentivizing saving and making use of their tax benefits.



JAYSHAWN ENGLISH’S STORY
BUILDING A FUTURE ON GREEN ENERGY

Jayshawn English has a big dream in life: to make a living out of saving the world. “I want to convert wind turbines into solar wind turbines so we can store more energy,” says the 21-year-old.

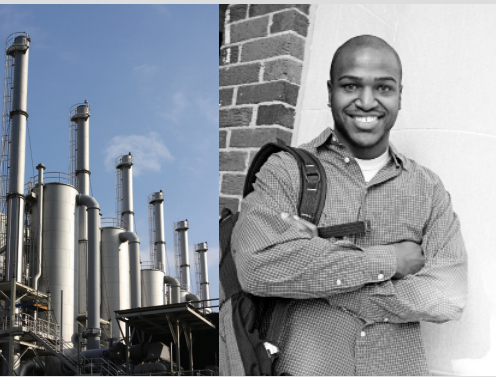
It’s been a long road for Jayshawn, who grew up in a tough neighborhood in Compton. A few years ago, he was homeless, in trouble with police and struggling to find his way in life. Eventually, he enrolled in YouthBuild, a year-long program run by United Way partner Venice Community Housing Corporation. As part of the program, students get hands-on experience in green construction, which Jayshawn soon realized was a hot topic.

“I was at rock bottom. I had nothing at all. Now I have my diploma, a part-time job and I’m going to school...”

“Here we were talking about these things in the classroom and it was all over the TV. Even the President was talking about going green and how all these jobs were opening up and I was thinking, ‘Okay, I’ve got a head start on this,’” he says.

Jayshawn is now working part-time installing solar panels and taking classes in energy-auditing at Santa Monica College with the hope of owning his own wind turbine business.

“I was at rock bottom. I had nothing at all. Now I have my diploma, a part-time job and I’m going to school,” he says. “If I keep it up, maybe I can go to the White House one day, shake hands with the President and install some solar panels on the roof,” he adds, laughing.



THE ENERGY PATHWAYS PROGRAM COMPETITORS COLLABORATING FOR SUCCESS

In 2007, South Bay Center for Counseling, with support from United Way of Greater Los Angeles, created a unique public, private and community-based collaboration. The Energy Pathways Program was designed to recruit, train, and place low-income residents of South Los Angeles and Wilmington into well-paying jobs provided by South Bay refineries including BP, Chevron, ConocoPhillips, ExxonMobil and Valero. These refineries employ approximately 5,000 workers whose jobs pay well and provide excellent benefits.

Surveys showed that between 25-50% of the refinery employees would retire within the next five years. Having identified this collective need for a pipeline of qualified workers, South Bay Center for Counseling partnered with L.A. Harbor Community College to create the Energy Pathways Program. The refineries worked with the college to design a customized curriculum to fit their job requirements. And they partnered with South Bay Center for Counseling (SBCC) to provide case management, job readiness workshops, and counseling support.

This cross-sector collaboration has been extremely successful. 95% of participants completed the training program. In the last two years, SBCC trained and placed 366 low-income residents, resulting in a 45% average increase in their income.

RECOMMENDATIONS FOR THE FUTURE

1. We must work together in a new way by building partnerships that wouldn't have seemed possible in the past.

Because the power of our region is no longer built around a centralized core, strategic alliances of “unlikely suspects” are the new way forward. For example, Business and Labor are demonstrating long-term commitment to work together on issues like governance reform. And the Mayor, Chamber of Commerce, United Way, Los Angeles Unified School District School Board, the Superintendent, a consortium of higher education and United Teachers Los Angeles are working to create real educational reform at the L.A. Unified School District. It is this kind of collaboration that makes it possible for us to attract new investments, including federal dollars.

2. Align our focus on the priority areas that can accelerate progress—jobs, education and affordable housing.

These inter-related issues require smart, long-term investments. New alliances on green sector jobs such as the Construction Careers Academy demonstrate this kind of focus. Local sectors with jobs that cannot be easily moved to other countries such as health care, entertainment, tourism, academia and utilities can also play a powerful role in the life of our community. By banding together on these issues, we can attract more investment by moving past narrow interests that hold up progress.

3. Insist that our institutions and corporations make Los Angeles their priority.

Our local anchor industries and institutions need to show an unprecedented level of focus and involvement on key issues facing our region. Many of our global companies and foundations are shifting more of their investment to Los Angeles-based needs and opportunities. We need to secure higher levels of commitment and more local investment from companies and organizations that are based here.

4. Use public policy to implement long-term systems change across the region.

We are a community of 10 million people. Given the magnitude of our issues, we will never be able to fund our way out of our problems. Advocacy and public policy are the only way to scale solutions for real impact. As philanthropic organizations, when we find innovation in our grant making, we must have the courage to advocate for replication in the public sector and use policy to influence changes in our resource allocations. Both philanthropy and business have to get involved and make sure that their voices are heard.

5. Invest in evidence-based solutions that demonstrate real outcomes.

No one is interested in funding business as usual when the results are no better than before. The County, local cities and groups like United Way are successfully using an evidence-based approach to housing the chronically homeless. This model has significantly reduced the homeless population and research shows that it is 43% more cost effective. In the areas of education, health and housing, public and private dollars must be allocated to initiatives that demonstrate success and diverted from those that do not.

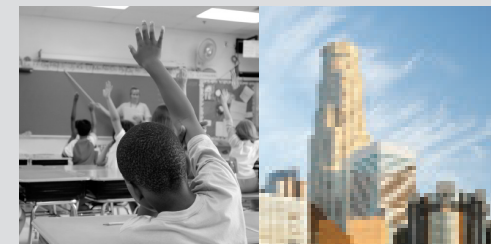
6. Commit to using key benchmarks and hold ourselves accountable to shared goals.

The Tale of Two Cities: One Future report is important because it allows us to look at community benchmarks together. This gives us an opportunity to focus and align around a few key metrics. How many units of affordable housing do we need? How many people in our region are living in poverty? What are our test scores? What is our graduation rate? Importantly, let's then use these benchmarks to set metrics for annual goals to reduce poverty and improve our quality of life. And let's agree that we are going to work together to make them happen.

ENGAGING THE BUSINESS COMMUNITY TO DRIVE RESULTS

When it comes to educational achievement and housing the homeless, enlightened business leaders understand that they play a critical role in moving these issues forward. And that helping these initiatives succeed also makes good business sense.

The business community has been instrumental in cities like Denver and New York which have drastically reduced their homeless populations. United Way and the L.A. Area Chamber of Commerce recently established the first ever county-wide Business Leaders Task Force on Homelessness. The Task Force is taking a leadership role in promoting permanent solutions to chronic homelessness in partnership with public sector and civic leaders. They will soon be hosting a congressional briefing for local congressional staff and members in Washington D.C. where they will present the United Way Homeless Cost Study and make recommendations around federal policy to increase investment in permanent supportive housing.



Coalitions of business leaders, community organizations and parents have also joined together to support the School Choice Resolution at L.A. Unified School District. The resolution creates an open process for multiple stakeholders to competitively apply to operate new and low performing schools with new levels of accountability. Between the Resolution and the new School Report Card which reviews local school performance, we're all working together help improve student achievement and ultimately ensure that our future workforce is equipped to succeed.

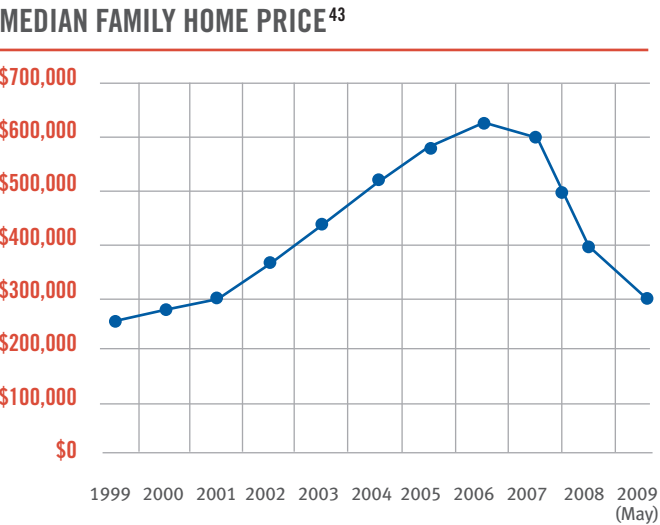


HOMELESSNESS AND HOUSING

In the past decade, affordable housing in L.A. County has become increasingly scarce as wages have failed to keep up with rental housing and mortgages, even after the burst of the housing bubble. This is now true not only for the very poor and the working poor, but also for the middle class, the educated and skilled segments of the population. These people are also experiencing a housing burden from which they have been relatively immune for generations.

Housing prices in L.A. County increased dramatically in the first half of the decade and decreased to almost the same extent, when the housing bubble burst in 2008.

- The median existing single family home price grew from just over \$250,000 dollars in 1999 to over \$610,000 in 2006 (adjusted for inflation).⁴²



“Housing affordability is strongly associated with the level of homelessness. This is important because it means that homelessness in California could be reduced by adding to the stock of housing accessible to the poor.”

—Donald Quigley, Turner Distinguished Professor, Department of Economics, and Director of the Program on Housing and Urban Policy at the University of California Berkeley

Wages have not kept up with rental housing costs.

- The gap between median hourly wages and hourly wages needed to afford an apartment began to rapidly widen beginning in 2003.
- In the early part of the decade, 14,000 new housing units were built in the City of L.A. 90% of the units built were affordable only to those earning \$135,000 a year or more.⁴⁴

HOURLY WAGES VS. HOUSING WAGES⁴⁵



RENTAL BURDEN BY HOUSEHOLD INCOME⁴⁶



By 2008, people of all income levels had a much harder time finding affordable rental housing.

- This increase is 2 to 3 times greater for middle income households.⁴⁷



OVERCOMING HOMELESSNESS

REGINA MOSLEY'S STORY

Light streams through the window of Regina Mosley's apartment at the St. George in downtown Los Angeles. Behind her, half a dozen certificates flutter against the wall. Excellence in Advocacy, Artistic Achievement and Personal Accomplishment. Once a teacher always a teacher, even if the classroom is no longer the same.

Regina lowers herself onto the bed. She's fallen so many times on the streets of Skid Row that she now needs a walker to get around. She suffers from depression and then there's the heart that's slowly failing her, which makes it hard to breathe. "Thank God for all of the services here in the building," she says. "It's been a big help for me."

Eighty-six people live at the St George. Residents sign leases for their apartments and pay what rent they can. The complex also provides on-site support services, the kind of services chronically homeless people need to help them stabilize in housing, like primary and mental health care or substance abuse treatment.

“Thank God for all of the services here in the building. It’s been a big help for me.”

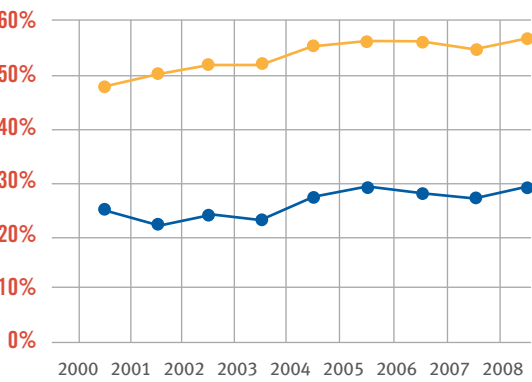
After everything Regina's been through, it feels good to give back again. She's on the board of two nonprofits, including Skid Row Housing Trust, which runs the St George. And then there's the Good Time group. "We get together every holiday and provide a dinner for the entire complex," she says. "This is a family community and I'm truly blessed to be here."

HOMELESSNESS AND HOUSING

More people are spending 1/3 of their income on rent than in 2000.⁴⁸

- The number of people paying 30% or more of their income on rent has grown from 50% in 2000 to almost 57% in 2008.⁴⁹

RENT BURDEN⁵⁰



- % of Renters Allocating 30% or More of Income on Rent
- % of Renters Allocating 50% or More of Income on Rent

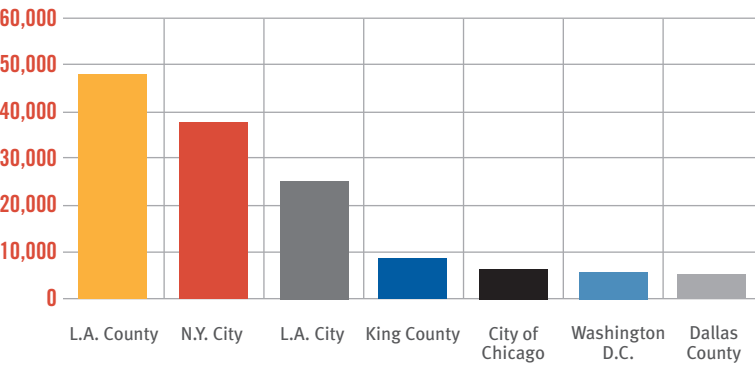
While the number of homeless has decreased, we are the homeless capital of the nation with 48,000 people homeless every night.⁵¹

- 40% of the homeless are women and children⁵²
- 25% have some college education⁵³



The number one reason for homelessness is loss of a job.

HOMELESS POPULATION⁵⁴



“In some high-priced communities, people who provide the bulk of vital services—teachers, firefighters, police officers, retail sales workers and restaurant workers—cannot afford to live in the communities they serve.”

—Center for Housing Policy with the National Housing Conference

MAKING CHANGE HAPPEN

While housing prices have come down, our wages have not kept up with housing costs in L.A. County. As a result, it's becoming impossible for low-income wage earners to live near their workplace. This increases traffic and commute times, leaving less time for family and civic life. And this sprawl impacts economic growth. Making affordable housing available to everyone who lives in our region means embracing higher-density, lower cost-per-unit housing which also provides a good quality of life; good schools, low crime and places for our children to play.

Homelessness is extreme poverty. All it takes is a job loss or a serious illness to force people into a life on

the streets. United Way is making the business case for ending homelessness, discussing recent results from the United Way Homeless Cost Study which examines the public costs of homelessness. United Way commissioned Dr. Michael Cousineau of USC's Center for Health Studies to conduct the study which shows that costs to provide permanent supportive housing for the chronically homeless are 43% lower than the costs associated with living on the streets or in emergency shelters. The study validates that the permanent supportive housing model is not only significantly reducing chronic homelessness, it is also saving taxpayers money.



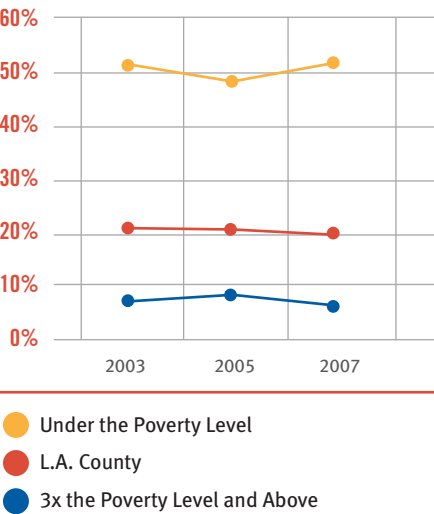
HEALTH

L.A. County has seen a dichotomy over the course of the decade. The poor were increasingly uninsured, but there was also an increase in coverage for children. Obesity and hypertension is on the rise, particularly among the poor, and has only leveled for children. At the same time, adults self-report that they are exercising more. Healthy people need to live in healthy communities. Clearly, that means the health of the economically disadvantaged is at risk.

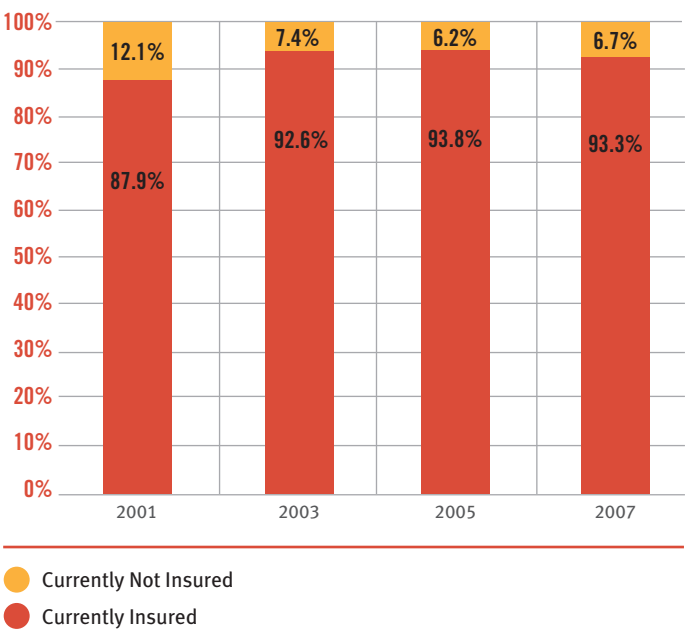
Throughout the decade, those working full time in lower paying jobs were much more likely to be uninsured.

- People working full time at the lowest level of the economic ladder had uninsured rates on average 42 percentage points higher than those working full time at the higher end of the income ladder.⁵⁵

UNINSURED RATES FOR WORKING ADULTS⁵⁶



CHILDREN (AGES 0-17) WITH HEALTH INSURANCE⁵⁷



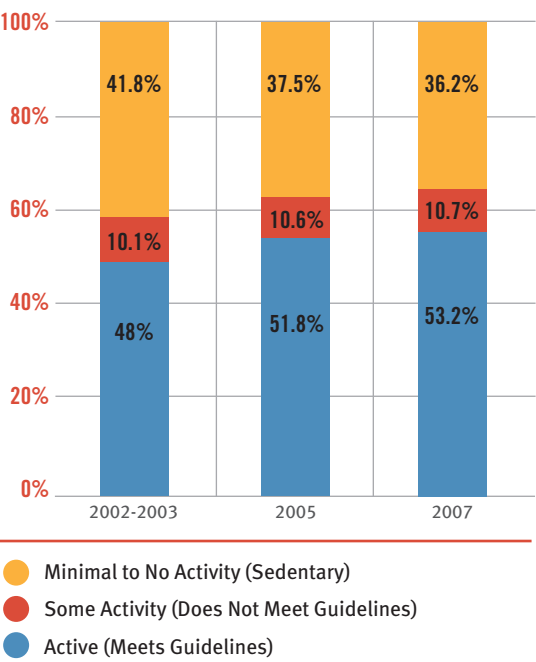
However, in general, children had greater access to health coverage.

- This is likely the result of the increased numbers of children covered under public programs such as Medicaid and Healthy Families and increased coverage by private sector health plans, like Kaiser Kids, which have stepped up to provide low-cost insurance.

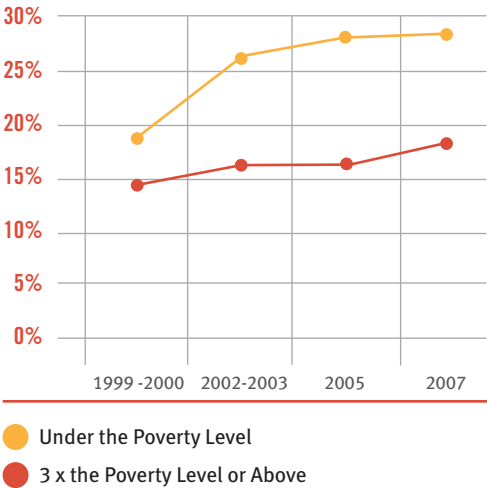
Since 2002, adults have reported becoming more active.

- The number of adults meeting active guidelines has increased about 5 percentage points from 2002-2007. The number of adults who are minimally active or sedentary has decreased by 5 percentage points.⁵⁸

PHYSICALLY ACTIVE ADULTS⁵⁹



ADULT OBESITY RATES⁶⁰



Obesity, which is a leading risk factor for diabetes, hypertension and heart disease, is on the rise. This increases dramatically among the poor who tend to live in communities with less access to affordable healthy food.

- Obesity rates grew twice as fast for poor adults, increasing by 9.2 percentage points as compared to a 4 percentage point increase for higher income adults.⁶¹
- Obesity rates for poor adults were consistently higher than for the county as a whole during the period from 1999 to 2007. Obesity rates for all adults averaged 19.6%. The average rate for the poor was 25.4%.⁶²

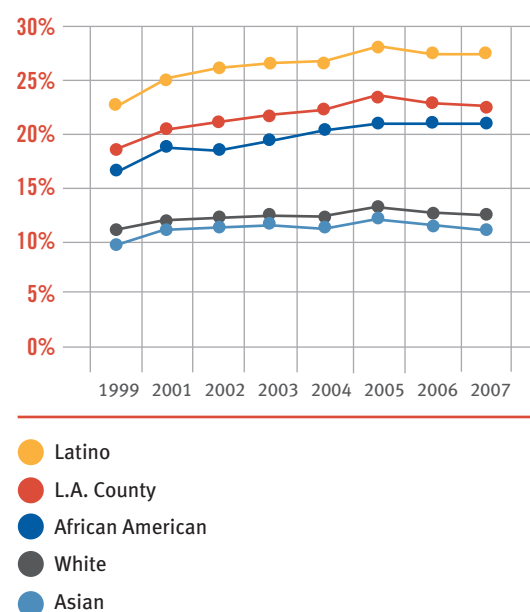
“Lower-income neighborhoods and communities of color have fewer grocery stores and an abundance of fast-food restaurants and convenience stores compared to higher-income neighborhoods. Obesity prevalence is highest for California adults who have the most fast-food restaurants and convenience stores near their homes...”

—Designed for Disease, the Link between Local Food Environments and Obesity and Diabetes

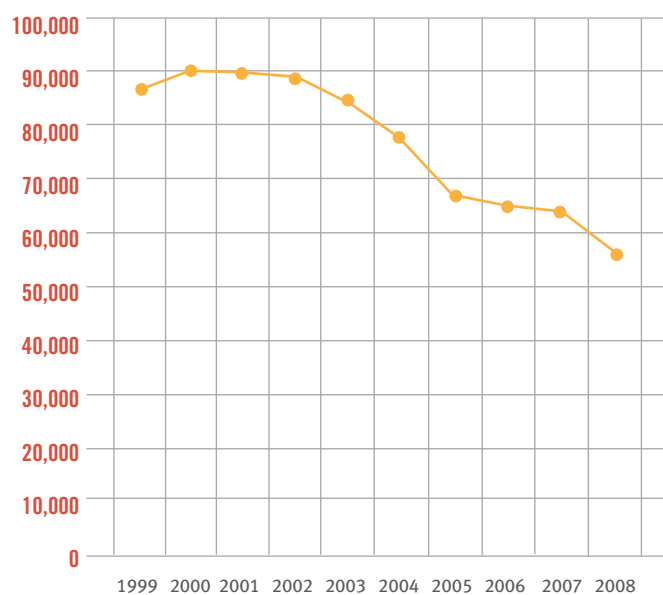
There is a leveling of obesity rates for students across all races/ethnicities.

● Latino school children consistently had higher rates than other ethnic groups. White and Asian school children had consistently the lowest rates of obesity.

SCHOOL CHILDREN OBESITY RATES ⁶³



VIOLENT CRIMES ⁶⁴



Since 1999, violent crime in L.A. County has declined by over 30%. ⁶⁵

● Our streets are safer to walk on and for our children to play on. This is an important step to move toward healthier communities.

MAKING CHANGE HAPPEN

Across the decade, we have seen consistent disparities among minorities and the poor, when it comes to access to coverage and health outcomes. Our region's health depends on the immediate reversal of these trends. If obesity, and its associated health conditions, continues to increase among the poor, healthcare costs are going to continue to rise, keeping people at all income levels from getting ahead. And for those with no health insurance, one catastrophic health incident will tip them, and many others like them, over the edge into homelessness.

New data from the American Journal of Public Health shows that a person living in poverty will lose an estimated 8.2 years of perfect health. For the poor to be healthy, they need to live in healthy communities. These are neighborhoods that have parks for children to play in, streets that are safe to walk down and markets that sell affordable fresh fruits and vegetables. In the past ten years, our streets have become safer. That's a good start. But importantly, healthy communities need to be defined as those that have high quality schools, affordable places to live and sustainable employment opportunities.



CHILDREN'S HEALTH INSURANCE USING POLICY FOR IMPACT ACROSS THE REGION

Focused on promoting health among all Californians, The California Endowment (TCE) placed an early priority on helping the nearly one million uninsured children in California obtain health coverage. To that end, TCE supported several strategies such as subsidized insurance premiums for children.

“What made the Santa Clara Project unique and promising is that it held the potential to be replicated in counties across the state.”

It began to support policy efforts which included research and education, community organizing, and partnership with groups such as United Way, designed to engage the business community. For example, it funded the Santa Clara County Healthy Kids initiative. This effort sought to provide coverage for all low-income children who were not eligible for other programs. What made the Santa Clara Project unique and promising is that it held the potential to be replicated in counties across the state.

As a result of its policy strategy, TCE and its partners were able to replicate the Santa Clara Healthy Kids programs in 25 other counties. TCE's policy work also helped to leverage tens of millions of dollars in local, state and federal funding to expand the State Children's Health Insurance Program (SCHIP), decreasing the number of uninsured children throughout the state by 25%.

In addition to working with TCE, United Ways across California have engaged 800 business leaders around this issue. Over 100 of these leaders have been mobilized to become advocates. Their work helped lead to the reauthorization of the federal SCHIP program in 2009 and the expansion of the California Healthy Families Program.



It is possible to do well by doing good. Research has shown that those cities and counties that make more progress on reducing poverty and inequality actually grow faster and stronger.

To achieve the robust growth required to pull us out of the current economic downturn, we'll need all hands on deck. Equity is not just a social issue. It directly impacts our economic prosperity.

How do we address the reality of the American Dream today—where people cannot lift themselves up by their bootstraps if they don't have access to quality education, safe, affordable housing and well-paying jobs? These issues seem daunting, but they are not. We know what works. Now we need to work together to implement those solutions. Here are some practical things that you can do:

Believe poverty is solvable.

There are countless examples of people who have successfully moved off the streets, kids who have been the first in their family to go to college and people who have been retrained for a job that provides a good income and career advancement.

Dispel myths.

Know the facts and tell others.

FACT: One-third of poor people work full-time jobs.

FACT: It is less expensive to house homeless individuals than to leave them on the streets.

FACT: The more education you have the higher your earning potential is.

Let's break down old stereotypes so we can move forward.

Take the long-term view.

Short-term fixes don't change the systems that keep people in poverty. We must demand solutions that provide lasting change and make a long-term commitment to implementing them.

Build strategic alliances.

Look for partners who represent a different constituency. Too often, we are neutralized by narrow but vocal special interests. So tackle the tough issues through strategic partnerships. We are stronger when we work together.

Get engaged.

There is a reawakening of involvement in our communities that was ignited during the recent presidential election. Let's harness this power. By getting involved, you'll see that we all want the same things; a safe, affordable place to live, a quality education for our young people and a better future for everyone in our communities.

The Tale of Two Cities: One Future report has illuminated the crisis our region is facing. And now, armed with all the facts, we proceed boldly forward, United Way is committed to working with you to Create Pathways Out of Poverty. Because together we can make change happen.

Give

Go to GiveUnitedLA.org to donate to our Creating Pathways Out of Poverty plan.

Advocate

Go to AdvocateUnitedLA.org to advocate for change with our elected officials.

Volunteer

Go to VolunteerUnitedLA.org to volunteer in your community.

1. *L.A. Stats, April, 2009*; by the Los Angeles Economic Development Corporation <http://www.laedc.org/reports/LAStats-2008.pdf>

2. U.S. Census Bureau, American Community Survey, 1-Year Estimates 2008;

3. Ibid.

4. *2009-2010 Mid Year Update, Economic Forecast and Industry Outlook*; by the Los Angeles Economic Development Corporation; Data is from 2008 <http://www.laedc.org/reports/Forecast-2009-07.pdf>

5. U.S. Census Bureau, American Community Survey, 1-Year Estimates 2008;

6. *Building a World Class City for the 20th Century, Recommendations for Job Growth and a Stronger Economy in Los Angeles* From the Los Angeles Jobs Committee, January 2008 http://www.laejc.org/LAEJC_Report.pdf

7. Ibid.

8. Ibid.

9. U.S. Census Bureau, American Community Survey, 1-Year Estimates 2008; Poverty rate is determined by the HHS (Health and Human Services Poverty Guidelines) <http://aspe.hhs.gov/poverty/09poverty.shtml>

10. U.S. Census Bureau, American Community Survey, 1-Year Estimates 2008;

11. TNS Global Research Report http://www.tnsglobal.com/_assets/files/TNS_Market_Research_AMRP_Mkt_Sizing_Release.doc.pdf

12. U.S. Census Bureau, American Community Survey, 1-Year Estimates 2008; Poverty rate is determined by the HHS (Health and Human Services Poverty Guidelines) <http://aspe.hhs.gov/poverty/09poverty.shtml>

13. The Los Angeles Homeless Services Authority (LAHSA), (2007 Homeless Count) http://www.lahsa.org/homelessness_data/documents/2007_hc_final_report.pdf

14. U.S. Census Bureau, American Community Survey, 1-Year Estimates 2008;

15. Ibid.

16. Ibid.

17. Data is from a special tabulation of 69 districts in L.A. County by the U.S. Census Bureau. Data is from 2006. For more information on data used in this special tabulation, as well as other data points on L.A. County, please see the United Way of Greater Los Angeles research brief, *Geographic Divides in Los Angeles County: Demography, Income and Housing* May, 2008 <http://www.unitedwayla.org/getinformed/rr/Pages/GeographicDividesinLosAngelesCountyDemography,IncomeandHousing.aspx>

18. Calculated using California Department of Education Data. The methodology used is the Cumulative Promotion Index (CPI). The Cumulative Promotion Index is used by many researchers and policy advocates and was developed by academics and researchers at the Urban Institute. It functions almost like a moving average and takes a cohort of students from 9th grade to graduation. A full explanation of the CPI along with other graduation rate methodologies can be found in the report, *Who Graduates, Who Doesn't? A Statistical*

Portrait of Public High School Graduation , Class of 2001 http://www.urban.org/UploadedPDF/410934_WhoGraduates.pdf

19. *Who Graduates in California?* Published by the Urban Institute http://www.urbaninstitute.org/UploadedPDF/900794_who_graduates_CA.pdf

20. U.S. Census Bureau, American Community Survey; Dollars were adjusted for inflation in 2008 dollars using the GDP deflator (for all items) for L.A.-Riverside-Orange; Base period: 1982-84=100.

21. Ibid

22. Ibid

23. IPUMS 2008 American Community Survey (ACS), available at: <http://usa.ipums.org/usa/index.shtml> Universe: Population age 25+ in Los Angeles County. Data extracted and analyzed by USC Program for Environmental and Regional Equity (PERE)

24. California Employment Department's Labor Market Info, available at <http://www.labormarketinfo.edd.ca.gov/?pageid=145> Data extracted and analyzed by the USC Program for Environmental and Regional Equity (PERE)

25. Calculated using California Department of Education Data. The methodology used is the Cumulative Promotion Index (CPI). The Cumulative Promotion Index is used by the Civil Rights Project and was developed by researchers at the Urban Institute. It functions almost like a moving average and takes a cohort of students from 9th grade to graduation. A full explanation of the CPI along with other graduation rate methodologies can be found in the report, *Who Graduates, Who Doesn't? a Statistical Portrait of Public High School Graduation , Class of 2001* http://www.urban.org/Uploaded-PDF/410934_WhoGraduates.pdf

26. API scores are for the five largest school districts in L.A. County (Los Angeles Unified, Long Beach, Montebello, Pomona, Hacienda La Puente). Data (for years 1999 to 2008) from the California Department of Education: <http://www.cde.ca.gov/index.asp>

27. Data for L.A. County, (for years 2005 to 2009) from the California Department of Education: <http://www.cde.ca.gov/index.asp>

28. Data for L.A. County; from the California Department of Education: <http://www.cde.ca.gov/index.asp>

29. U.S. Census Bureau, American Community Survey (2002-2008); 2000 to 2001 Supplementary Survey; Twice the poverty level and below is used as a proxy for the 'working poor' as this level of income is often used to qualify for a broad spectrum of social aid programs. Twice the poverty level in this report is taken from *The 2009 Health and Human Services Poverty Guidelines*. The poverty guidelines for this report is for the 48 contiguous states and the District of Columbia (D.C.) <http://aspe.hhs.gov/POVERTY/09poverty.shtml>

30. Ibid.

31. From the files of the California Department of Labor, Employment Development Department (EDD) <http://www.labormarketinfo.edd.ca.gov/?pageid=164> U.S. unemployment was from the Bureau of Labor Statistic (BLS) <http://www.bls.gov/> Unemployment rates were average for the year and were seasonally adjusted.

32. Ibid.

33. Ibid.

34. Ibid.

35. Ibid.

24 A TALE OF TWO CITIES | 10 YEARS LATER

10 YEARS LATER | A TALE OF TWO CITIES 25

FOOTNOTES AND METHODOLOGY

36. Ibid.

37. Ibid.

38. USC Program for Environmental and Regional Equity (PERE) analysis of the 1989 through 2009 Current Population Survey, March Supplement. Downloaded from: <http://www.nber.org/data/current-population-survey-data.html>

39. Ibid.

40. Ibid.

41. Waged data source: California Employment Department’s Labor Market Info, available at <http://www.labormarketinfo.edd.ca.gov/>. For 2001; wages were taken from the third quarter; for 2009, wages were taken from the 1st quarter. Wages in the given year were indexed to their year by the EDD using the to US Department of Labor’s Employment Cost Index. Wages were adjusted in 2009 dollars using the (May) GDP deflator (for all items) for L.A.-Riverside-Orange; Base period: 1982-84=100. It should be noted that data was in hourly wages, which was converted to annual wages; the conversion to annual wages is based on a conventional 40 hour work week (no overtime) as well as working full time 5 days a week throughout the year. Wages were not seasonally adjusted for this conversion; it was assumed that workers worked through the year without major gaps in employment.

42. Data from the California Association of Realtors (CAR), as reported in the LA Economic Development Corporation *2009-2010 Economic Forecast and Industry Outlook*. Home prices were adjusted in 2009 dollars using the (May 2009) GDP deflator for all items for L.A.-Riverside-Orange; Base period: 1982-84=100.

43. Ibid.

44. Public Counsel <http://www.publiccounsel.org/cdp/he/FinalLetterto-LACity51408.pdf>

45. Housing wages needed to afford a one and two bedroom apartment are calculated using the HUD [Department of Housing and Urban Development’s] definition of what is affordable (spending no more than 30% of gross income on housing). Housing wages for the report were obtained by using the monthly rent for the Fair Market Rate for a one and two bedroom apartment from HUD USER <http://www.huduser.org/portal/index.html> for L.A. County for the years 2001 to 2009. One and two bedroom apartment monthly rents were then multiplied by 12 months to obtain the annual cost of rent. That number was then divided by .30 to obtain a salary that would afford the year’s worth of rent (using HUD’s criteria of affordability at no more than 30% of gross income). The yearly salary was then divided by 12 months, which was then divided by 4 weeks. Finally the weekly wage was divided by 40 (to represent the typical 40 hour work week) to obtain the hourly wage needed to afford the apartment. The median wages compared were obtained by the California Department of Labor, <http://www.labormarketinfo.edd.ca.gov/>.

46. U.S. Census Bureau, American Community Survey, 1-Year Estimates 2008, Supplemental Survey, 2000.

47. Ibid.

48. U.S. Census Bureau, American Community Survey, 2002 to 2008; Supplemental Survey, 2000-2001.

49. Ibid.

50. Ibid.

51. *The Los Angeles Homeless Services Authority (LAHSA) 2009 Greater Los Angeles Homeless Count Report* <http://www.lahsa.org/docs/HCO9/Homeless-Count-2009-Report.pdf>

52. Ibid.

53. *The Los Angeles Homeless Services Authority (LAHSA) 2007 Greater Los Angeles Homeless Count Report* http://www.lahsa.org/homelessness_data/documents/2007_hc_final_report.pdf

54. NY City: NY City Department of Homeless Services <http://www.nyc.gov/html/dhs/html/home/home.shtml>

City of Chicago: http://egov.cityofchicago.org/webportal/COCWebPortal/COC_ATTACH/2007Exhibit1Final_HUDQuestionnaire.pdf

Dallas County: Metro Dallas Homeless Alliance: 2007 Annual Point in Time Homeless Count <http://frontburner.dmagazine.com/wp-content/uploads/2007/04/2007-dallas-homeless-count-census-final.pdf>

King County: <http://www.homelessinfo.org/onc-2008.html>

Washington D.C. Metropolitan Washington Council of Governments <http://www.mwcog.org/uploads/pub-documents/z1hbWg20070613141807.pdf>

55. UCLA Center for Health Policy Research, California Health Interview Survey <http://www.chis.ucla.edu/>

56. Ibid.

57. Ibid.

58. L.A. County Health Interview Survey <http://publichealth.lacounty.gov/ha/hasurveyintro.htm>
“To meet Physical Activity Guidelines at least one of the following at least one of the following criteria must be fulfilled: 1) Vigorous Activity—hard physical activity causing heavy sweating, large increases in breathing and heart rate—for 20+ minutes, > 3 days/wk, 2) Moderate Activity—cause light sweating, slight increases in breathing and heart rate—or 30+ minutes, > 5 days/wk, 3) A combination of Vigorous and Moderate Activity meeting the time criteria for > 5 days/wk.”—From the L.A. County Health Survey.

59. Ibid.

60. L.A. County Health Interview Survey <http://publichealth.lacounty.gov/ha/hasurveyintro.htm>

61. Ibid.

62. Ibid.

63. L.A. County Dept. of Public Health, http://publichealth.lacounty.gov/wwwfiles/ph/hae/ha/Childhood_Obesity_final.pdf
School children profiled here are LA County public school children in grades 5,7 and 9.

64. Crime Data Files from the California Office of the Attorney General, California Department of Justice, <http://ag.ca.gov/crime.php>

65. Ibid.

Acknowledgments

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For questions, please contact Joseph Martinez, Research Policy Analyst, United Way of Greater Los Angeles at jmartinez@unitedwayla.org

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